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RUCNIRA/IRAN COLLECTIVE IMMEDIATE  
RUCNSFT/TERRORISM FINANCE PRE NOTIFICATION COLLECTIVE IMMEDIATE  
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DEPARTMENT FOR ISN/CPI (MCGEEHAN), IO/PSC (SANDAGE)

E.O. 12958: N/A

TAGS: [KNNP](#) [IR](#) [PREL](#) [PARM](#) [SW](#)

SUBJECT: SWEDISH RESPONSE TO USG QUESTIONS ON BANK SEPAH

REF: SECSTATE 159967

¶1. Summary: Deputy Economic Counselor met with Ambassador/Director General Andreas Ekman and Ladan Moghaddas at the Swedish Inspectorate of Strategic Products (ISP) November 29, 2007. Ekman commented that after the Government of Sweden (GOS) notified the UNSCR 1737 Sanctions Committee on November 9, 2007 of the intention to authorize payment of contracts entered into prior to Bank Sepah's listing in Annex I of UNSCR 1747, the Sanctions Committee contacted ISP and requested more-detailed information about the nature of the transactions, the parties involved and the manner in which the unfrozen funds would be used. Ekman assured Econoff that no payments had been authorized or made as of November 29. End Summary.

¶2. The November 22 notification covered licenses to be issued to the following payment beneficiaries: Volvo Construction Equipment AB (wheel loader L190E and L120E3 and spare parts for L120E3, L90/L120), Metso Minerals (Sala) AB (parts for a ball mill), Seco Tools AB (inserts), Aromatic AB (Bandex for a bakery), Syngenta Seed AB (Monogem sugar beet seeds), Gislaved Folie AB (PVC ABS foil) and AB Sandik Coromant (unspecified tools for hard materials). All transactions are through Letters of Credit (L/C) from Bank Sepah to Svenska Handelsbanken AB. All contracts were entered into prior to the listing of Bank Sepah and ranged from December 3, 2005 to February 24, 2007.

¶3. The November 27 notification involved supplementary information requested by the UNSCR Sanctions Committee and covered licenses to be issued to Renault Trucks (Renault engine and spare parts for SK26.12 city bus, Renault CKD city bus without rear and front axles or engine, Renault VI E70XD front axle and PX1141 rear axle, Renault S135-08 trucks; and spare parts for Shahab Khodro buses); Nokia Corporation (BSS, GSM mobile phone network equipment); Stora Enso Berghuizer Paper (white wood-free copy paper quality standard ISO 98); Volvo Construction Equipment International AB (L90 and L120 wheel loader parts); Billerud AB (Sackraft papaer quality standard ISO 9001); AB Sandvik Process Systems (two Sandvik 1300C hardened and tempered carbon steel oven belts with both ends prepared for overlap rivited joining, but only punched and scribed rivets included); Alcad Aktiebolag (Nickel-aluminum alkaline 1.2 volt cells - empty and discharged with electrolyte in solid form); Syngenta Seeds AB (Monogerm sugar beet seed of the Rhizomania resistant and Rhizomania and Cercospora-tolerant variety: Dorotea treatment TMTD Tachigaren, germination: 92 pct, purity 99 pct, size: 3.00-4.25 mm); and Metso Minerals (Wear and Protection) AB (Lower counterweight assy, eccentric support ring, o-ring 250

62.0, spider bushing oil sea scraper LUJ/75. All transactions are through Letters of Credit (L/C) from Bank Sepah to Skandinaviska Enskilda Banken SEB. All contracts were entered into prior to the listing of Bank Sepah and ranged from April 4, 2005 to February 12, 2007.

¶4. Comment: Ekman and Moghaddas emphasized the importance of closely monitoring financial transactions with Iran, assuring Econoff that the GOS utilizes the same safeguards employed by Great Britain to comply with Financial Action Task Force (FATF) guidance. Ekman also opined that the European Union (EU) was moving "far too slowly" in drafting new legislation to cover brokering, which is not prohibited under existing EU and Swedish laws, and hinted that the GOS might move unilaterally in 2008 to introduce new Swedish legislation. Post will continue to monitor the situation and report additional conversations with the ISP septel.  
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